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From: YScuba [mailto:YScuba@californiadivers.com]

Sent: Friday, July 29, 2005 6:02 PM

To: brown@rrassoc.com; gillgage@pacbell.net

Subject: MLP AI Long Term Funding

Marine Life Protection Act Initiative

July 29, 2005

Regarding: MLP AI Long Term Funding

Dear Mr. Craig Brown and Mr. Tim Gage, Financial consultants to the MLP AI

Below and in attachment are my comments regarding the MLP AI Long Term Funding of MPAs. In black are the comments from staff as appearing in the Preliminary Draft Master Plan Framework. In blue are my comments in response to the Master Plan comments. These opinions are solely my own, and should not be construed to be a compilation of survey or poll. Nevertheless, as the nonconsumptive diver representative on the MLP AI Statewide Interest Group, I believe I have captured and represent some perspectives of the nonconsumptive diving community. The Master Plan Framework statements follow with my comments after each section.

Financing

User and Concession Fees: MPAs in some areas outside the United States have generated funding for management through fees on scuba diving tanks, for instance. Unlike the case of terrestrial parks where access is limited, access to most MPAs is quite open, creating great obstacles to insuring the collection of any fees. Where tank fees have been imposed, for instance, access is limited by geography very different from that of California. For instance, in Bonaire, and island off Venezuela, fees for scuba diving in MPAs have been successfully imposed partly because the marine parks are in so isolated and limited geographical areas. When diving and other fees have been suggested as a source of funding of MPAs in the United States, they have been successfully opposed by diving groups, manufactures, and other stakeholders.

In foreign countries where scuba diving is taxed, it's usually a country where scuba diving is a major tourist attraction and a major source of income. Bonaire is a totally isolated island where scuba diving is the major industry and one of their major sources of income. The tank isn't taxed, the visit is taxed. Upon arrival, the tourists purchase a marine park access pass which divers carries with them while diving on the island. Though the residents are also supposed to purchase an access pass, it's the tourist industry that supports their major industry very much like local hotel surcharges are paid by out of tourist. This kind of system would probably not work in California. If you attempted to charge an access fee into every MPA, you would have to spend the collection fees to administer the program, and would probably run a deficit. One of the greatest concerns that some divers have expressed about the creation of MPAs through the MLPA is the creation of more State Parks like Point Lobos. There is a fee to get into the park, a reservation process; a restriction of divers allowed to dive at anyone time, and hours of allowable diving is regulated. This is the worst of all options, and an attempt to create such fee imposition on all marine reserves may receive resisted, and would be unpopular at best.

Another idea is to raise the fee on barrels of oil imported to the state by a fraction of a penny, or reallocating a portion of fees currently levied.

Since the increased purchase of hybrid cars by Californians, there has been a decrease in revenue from the gas tax, according to a recent Wall Street article. This has caused a strain on the available monies for road construction and other budgetary items that are normally funded by the gas tax. The number of hybrid cars are predicted to increase due to EPA regulations. An environmental cause might be the politically correct reasoning needed for an increase in fees on barrels of oil imported into the state. The moneys raised could be dedicated totally to environmental matters, which would not normally be funded. Most Californians are environmentally aware and would likely support such an increase, if assured that the tax increase would be dedicated for environmental causes. Funds coming from this oil tax and other sources of revenue could be set aside in an “Environmental Fund” or “Green Fund” for the funding and support of “green issues” like the restoration and improvement of the coastline, municipal drainage runoff, beach access, and the creation and monitoring of marine reserves (MPAs). The Green Fund can be likened to the Super Cleanup Fund, but acting to improve the environment, not to clean it up after an environmental disaster. A Green Fund would be created with a proactive stance, as opposed to reacting to an environmental disaster, like a chemical spill. Additional sources of funds for the Green Fund may be made available from a State wide initiative, bonds, etc.

Recreational Goods and Services Tax:

Assessing an excise tax on goods and services associated with nonconsumptive wildlife recreation have an intuitive appeal, given the phenomenal growth in nonconsumptive forms of wildlife and outdoor recreation and the precedent of excise taxes long levied on products associated with hunting and fishing. However, efforts to implement such taxes have met fierce industry opposition at the national and state level.

Of all the options mentioned in this preliminary Master Plan Framework, this is the most appealing and the most sensible. The coverage should be not only on nonconsumptive, but any form of ocean use, including the registration of boats, ocean related businesses, and ocean related merchandise. The further you have the taxation from the end user, the more tax you’ll collect from all users and State residents, and the least immediate adverse effect you’ll have on the individual ocean user. In my brief interviews, or questioning of scuba divers, I have found resistance to an excise tax on their “diving” activity per se, in that nonconsumptive divers do not see themselves as taking resources from the sea like recreational fishers and commercial fishers. However, almost everyone is willing to be taxed for the protection of the ocean, and for marine reserves, in particular. The difference is the perception of fairness. Most believe that taxing nonextractive divers for use of the resource is counter intuitive to fairness. However, they see the ocean as a resource of all residents on the State, and they would be more than willing to carry their fair share of weight to protect and heal the sea. The concern most expressed is the likelihood that if scuba divers are taxed as a group, that this taxation will only be used to fill the gap of monies that would be siphoned off by other programs not related to MPAs, outside the DFG, or within the DFG itself. The most commonly cited example by divers, is the State lottery. There is an ongoing perception that the lottery was to supplement the Department of Education, but ended up being part of the main budget. Divers won’t mind paying excise taxes up front with everyone else, but will resist being targeted.

Research into the feasibility of these funding mechanisms, and more will be required to formulate the comprehensive strategy for financing a statewide system of MPAs that the Blue Ribbon Task Force will submit to the Resources Agency in December 2005.

There is no doubt that recreational scuba divers are supportive of marine reserves and MPAs in general, and would be willing to share their share of the burden to assure their success. However, if the wrong approach is imposed, there may be strong resistance. As part of the socioeconomic research, I would suggest a survey be made on how all stakeholders would react to various forms of financial support for MPAs. I predict most stakeholders would lend support to this effort. Contracting a socioeconomic expert as part

of the MLPA data scoping process would be able to get a fair assessment of stake holder's willingness to support various financing plans.